

# SENATE MOTION

**MADAM PRESIDENT:**

**I move** that Engrossed House Bill 1120 be amended to read as follows:

- 1           Page 76, between lines 37 and 38, begin a new paragraph and insert:
- 2           "SECTION 41. IC 6-3.1-10-10 IS ADDED TO THE INDIANA
- 3           CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 4           [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 10. (a) A**
- 5           **taxpayer may assign any part of the credit to which the taxpayer**
- 6           **is entitled under this chapter to another taxpayer if the following**
- 7           **conditions are met:**
- 8               (1) The credit was awarded before January 1, 2005.
- 9               (2) The credit was awarded for the taxpayer's qualified
- 10              investment in a business located in a county having a
- 11              population of more than one hundred forty-eight thousand
- 12              (148,000) but less than one hundred seventy thousand
- 13              (170,000).
- 14              (3) The fiscal body of the county described in subdivision (2)
- 15              adopts an ordinance authorizing the use of county revenues to
- 16              reimburse the state for the state revenues foregone by the
- 17              application of the credit to the state tax liability of the
- 18              assignee.
- 19           **An assignment under this subsection must be in writing. A credit**
- 20           **that is assigned under this subsection remains subject to this**
- 21           **chapter.**
- 22               (b) An assignment under subsection (a) must be reported on the
- 23              state tax returns of the taxpayer and the assignee for the year in
- 24              which the assignment is made in the manner prescribed by the
- 25              department. The taxpayer may not receive value in connection with
- 26              the assignment under subsection (a) that exceeds the value of the
- 27              part of the credit assigned.
- 28               (c) A taxpayer that assigns a tax credit under this section shall
- 29              contribute at least fourteen percent (14%) of the proceeds of the
- 30              assignment to the urban enterprise association established for the
- 31              enterprise zone in which the taxpayer is located.

**(d) After making the contribution required under subsection (c), a taxpayer that assigns a tax credit under this section shall reinvest the remaining proceeds of the assignment in the taxpayer's enterprise zone operations."**

Page 86, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 6. IC 6-9-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The county council may levy a tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel, motel, inn, university memorial union, university residence hall, tourist camp, or tourist cabin located in a county described in section 1 of this chapter. The county treasurer shall allocate and distribute the tax revenues as provided in ~~section~~ **sections 7 and 9** of this chapter.

(b) The tax may not exceed the rate of:

**(1) five percent (5%) before July 1, 2005;**

**(2) seven percent (7%) after June 30, 2005, and before July 1, 2010; or**

**(3) five percent (5%) after June 30, 2010;**

on the gross retail income derived from lodging income only and shall be in addition to the state gross retail tax imposed under IC 6-2.5.

(c) The tax does not apply to gross retail income received in a transaction in which:

(1) a student rents lodgings in a university residence hall while that student participates in a course of study for which the student receives college credit from a state university located in the county; or

(2) a person rents a room, lodging, or accommodations for a period of thirty (30) days or more.

(d) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected under IC 6-2.5.

(e) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section, except to the extent those provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. If the tax is paid to the department of state revenue, the return to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule, determine.

(f) If the tax is paid to the department of state revenue, the amounts

received from the tax imposed under this section shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

SECTION 7. IC 6-9-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The county treasurer shall establish an innkeeper's tax fund. The treasurer shall deposit in that fund all money received under section 6 of this chapter **that is attributable to an innkeeper's tax rate that is not more than five percent (5%)**.

(b) Money in the innkeeper's tax fund shall be expended in the following order:

(1) Through July 1999, not more than the revenue needed to service bonds issued under IC 36-10-3-40 through IC 36-10-3-45 and outstanding on January 1, 1993, may be used to service bonds. The county auditor shall make a semiannual distribution, at the same time property tax revenue is distributed, to a park and recreation district that has issued bonds payable from a county innkeeper's tax. Each semiannual distribution must be equal to one-half (1/2) of the annual principal and interest obligations on the bonds. Money received by a park and recreation district under this subdivision shall be deposited in a special fund to be used to service the bonds. During August 1999 the money that had been set aside to cover bond payments that remains after the bonds have been retired plus sixty percent (60%) of the tax revenue during August 1999 through December 1999 shall be distributed to the county treasurer to be used by the county park board, subject to appropriation by the county fiscal body.

(2) To the commission for its general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter. However, the amount that may be distributed under this subdivision during any particular year may not exceed the proceeds derived from an innkeeper's tax of two percent (2%) through December 1999 and fifty percent (50%) of the tax revenue beginning January 2000 and continuing through December 2014.

(3) For the period beginning July 1, 2002, through December 2014, fifty percent (50%) of the revenue to the county treasurer to be credited by the treasurer to a special account. The county treasurer shall distribute money in the special account as follows:

(A) Seventy-five percent (75%) of the money in the special account shall be distributed to the department of natural resources for the development of projects in the state park on the county's largest river, including its tributaries.

(B) Twenty-five percent (25%) of the money in the special account shall be distributed to a community development corporation that serves a metropolitan area in the county that includes:

(i) a city having a population of more than fifty-five

thousand (55,000) but less than fifty-nine thousand (59,000);  
and

(ii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

for the community development corporation's use in tourism, recreation, and economic development activities. For the period beginning July 1, 2002, and continuing through December 2006, the community development corporation shall provide not less than forty percent (40%) of the money received from the special account under this clause as a grant to a nonprofit corporation that leases land in the state park described in this subdivision for the nonprofit corporation's use in noncapital projects in the state park.

Money in the special account may not be used for any other purpose. The money credited to the account that has not been used as specified in this subdivision by January 1, 2015, shall be transferred to the commission to be used to make grants as provided in subsection (c)(2).

(c) Money in the innkeeper's tax fund subject to appropriation by the county council shall be allocated and distributed after December 2014 as follows:

(1) Fifty percent (50%) of the revenue to the commission for the commission's general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter.

(2) The remainder to the commission to be used solely to make grants for the development of recreation and tourism projects. The commission shall establish and make public the criteria that will be used in analyzing and awarding grants. At least ten percent (10%) but not more than fifteen percent (15%) of the grants may be awarded for noncapital projects. Grants may be made only to the following entities upon application by the executive of the entity:

(A) The county for deposit in a special account.

(B) The most populated city in the county for deposit in a special account.

(C) The second most populated city in the county for deposit in a special account.

(D) The Tippecanoe County Wabash River parkway commission, but only so long as the interlocal agreement among the political subdivisions listed in clauses (A) through (C) is in effect. Money received by the parkway commission shall be segregated in a special account.

(d) Money credited to special accounts under subsection (c)(2) shall be used only for recreation or tourism projects, or both.

SECTION 7. IC 6-9-7-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005] **Sec. 9. (a) If the county fiscal body adopts an ordinance to**

1 increase the county's innkeeper's tax rate to a rate that exceeds five  
 2 percent (5%), the county treasurer shall establish a supplemental  
 3 innkeeper's tax fund. The treasurer shall deposit in that fund all  
 4 money received under section 6 of this chapter that is attributable  
 5 to an innkeeper's tax rate that exceeds five percent (5%).

6 (b) Money in the fund must be used as follows:

7 (1) Fifty percent (50%) for any purpose that in the discretion  
 8 of the county fiscal body promotes economic development in  
 9 the county, including to reimburse the state in an amount  
 10 equal to the amount of state revenue foregone by the  
 11 application of a tax credit assigned under IC 6-3.1-10-10.

12 (2) Fifty percent (50%) for environmental and cultural  
 13 purposes."

14 Page 268, between lines 9 and 10, begin a new paragraph and insert:  
 15 "SECTION 143. [EFFECTIVE JANUARY 1, 2005  
 16 (RETROACTIVE)] (a) IC 6-3.1-10-10, as added by this act, applies  
 17 to taxable years beginning after December 31, 2004.

18 SECTION 144. [EFFECTIVE JULY 1, 2005] (a) This SECTION  
 19 applies to a county having a population of more than one hundred  
 20 forty-eight thousand (148,000) but less than one hundred seventy  
 21 thousand (170,000).

22 (b) The county fiscal body may adopt an ordinance authorizing  
 23 the use of county revenues to reimburse the state in an amount  
 24 equal to the amount of state revenue foregone by the application of  
 25 a tax credit assigned under IC 6-3.1-10-10, as added by this act.  
 26 The county fiscal body may use any source of revenue available to  
 27 the county, including innkeeper's taxes deposited in the county's  
 28 supplemental innkeeper's tax fund under IC 6-9-7-9, as added by  
 29 this act, to carry out an ordinance adopted under this SECTION.

30 (c) The development of the enterprise zone in the county's  
 31 largest city has been crucial to economic development in the city  
 32 and the county. The continued development of the enterprise zone

- 1     **is enhanced by enabling a taxpayer to assign a tax credit awarded**  
2     **for investment in the enterprise zone. These special circumstances**  
3     **require legislation particular to the county.**  
4         **(d) This SECTION expires January 1, 2008.**  
5         Renumber all SECTIONS consecutively.  
          (Reference is to ESB 1120 as printed April 4, 2005.)

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Senator HERSHMAN